

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 CIAE-00 DODE-00 PM-04 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 AID-05 EB-08 COME-00 OMB-01 TRSE-00 INT-05
FEAE-00 SAL-01 /095 W
-----241708Z 024175 /40

R 241400Z JAN 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 935
INFO AMEMBASSY ABU DHABI
AMEMBASSY BONN
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY TEHRAN
AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 1 OF 2 CAIRO 1323

E.O. 11652: GDS
TAGS: EFIN EGEN EAID
SUBJ: ARAB AID - WHAT HAVE ARABS DONE FOR EGYPT LATELY?

REF: CAIRO 1236

1. DISTURBANCES RESULTING FROM PRICE INCREASE ASPECTS OF
GOE'S NOW-STALLED REFORM EFFORT HAVE LED EGYPTIANS TO
CAST ABOUT FOR CULPRITS TO BLAME FOR PARLOUS STATE OF
ECONOMY AND ALTERNATIVE MEANS TO MEET IMPORT BILL AND
DEVELOPMENT REQUIREMENTS. NOT TOO SURPRISINGLY, ARAB
BROTHERS HAVE COME IN FOR MOST ATTENTION IN THIS REGARD;
EGYPT HAS SPENT HER ENERGY AND RESOURCES FIGHTING "ARAB
WAR" SINCE 1948 AT COST, NOW ANNOUNCED, OF \$40 BILLION
(EGYPT HAS RAISED ANTE FROM FIGURE OF \$20 BILLION USED
ABOUT YEAR AGO).

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2. IMPLIED CRITICISM OF OIL-RICH ARABS HAS BEEN
FAIRLY PREVALENT SINCE 1973 WAR, ALTHOUGH IT WAXES
AND WANES DEPENDING ON CIRCUMSTANCES. ARAB COFFERS
OFTEN ARE POINTED TO A LOGICAL AND JUST SOURCE OF
NEEDED FUNDING FOR EGYPT AS IT STRUGGLES TO SATISFY
WANTS OF EVER-GROWING POPULATION. PRES. SADAT IN
JULY 1976 NATIONAL DAY SPEECH, FOR EXAMPLE, CALLED

FOR ARAB COUNTRIES TO PONEY UP \$12 BILLION, AN AMOUNT CITED FROM TIME TO TIME AS THEIR FAIR SHARE OF WAR LOSSES AND NEEDED FOREIGN EXCHANGE INPUT FOR FIVE-YEAR PLAN. DIRECT OR IMPLIED COMMENT TO EFFECT ARABS SHOULD DO MORE HAS REACHED CRESCENDO IN RECENT DAYS IN AFTERMATH OF RIOTS OVER FOOD SUBSIDY CUTS.

3. MINECON UNDER SEC SHINDI LED OFF WITH BLUNT STATEMENT (WHICH HE SAID LATER WAS CLEARED AT "APPROPRIATE LEVEL") IN TV ADDRESS JANUARY 19 THAT SAUDI AND KUWAITI UNWILLINGNESS TO PROVIDE NEEDED FUNDS PREVENT EGYT FROM OVERCOMING SITUATION SHE HAS BEEN PLACED IN AS RESULT OF SACRIFICES ON BEHALF OF ARAB NATION. BIGGER GUNS SOON SOUNDED OFF, UP TO AND ALMOST INCLUDING PRESIDENT SADAT, WHO CONFINED HIMSELF IN A LENGTHY JANUARY 23 STATEMENT (SEPTTEL) TO TASKING GOE WITH FINDING ALTERNATIVE MEANS OF OBTAINING RESOURCES TO COVER DEFICIT AND REFORM ECONOMY. DEPRIMIN KAISOUNI, ARCHITECT OF ILL-FATED AUSTERITY BUDGET, ACCORDING PRESS JANUARY 24 HAS ANNOUNCED FORTHCOMING TALKS WITH GULF STATES ON SOLUTION TO FINANCIAL PROBLEMS AND MAY BE PLANNING TRIP TO AREA FOR THAT PURPOSE (ALTHOUGH NOTHING IS CONFIRMED ON THIS SUBJECT - SEPTTEL).

4. MEANWHILE , CAIRO DAILIES OVER WEEKEND HAVE FEATURED EXPRESSIONS OF ARAB SOLIDARITY COMING IN, FOR EXAMPLE, THAT FROM KING KHALID PROMISING " FULL SUPPORT", AND KUWAITI PRESS CALLS FOR URGENT ARAB CONFIDENTIAL

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AID. EGYPTIAN EDITORIALISTS HAVE ECHOED ARAB AID THEME, PLUS NOTING "OTHER COUNTRIES" HAVE NOT DONE ENOUGH (NO RPT NO MENTION OF US IN THIS CONTEXT).

5. IT MAY THEREFORE BE USEFUL TO LOOK AT WHAT HAS ACTUALLY BEEN OFFERED BY ARABS SINCE OCTOBER 1973. WHILE OUR DATA ARE INCOMPLETE , ENOUGH INFORMATION IS AT HAND TO ESTIMATE WITH FAIR DEGREE OF ACCURACY GROSS TOTALS. FOLLOWING FIGURES REFLECT ONLY BOP TYPE AID THAT HAS BEEN MORE-OR-LESS PUBLICLY ANNOUNCED, I.E. ECONOMIC ASSISTANCE. IT IS WORTHWHILE NOTING THAT WHILE MASSIVE AMOUNT OF PROJECT ASSISTANCE WAS ANNOUNCED IN FIRST PERIOD CITED BELOW (\$1,800 MILLION --- NOT INCLUDED IN TABLES) LITTLE OF IT HAS ACTUALLY MOVED AND THERE HAVE BEEN VIRTUALLY NO NEW COMMITMENTS. BOP ASSISTANCE, HOWEVER, INCREASED IN THE SECOND PERIOD (1975) AND THEN DECREASED IN THE THIRD (1976).

6. GOVT. TO GOVT. TRANSFERS AND CAPITAL PAYMENTS

TO EGYPT FROM ARAB COUNTRIES

PERIOD AND SOURCE AMOUNT (\$MILLIONS)

A. NOV 73 - DEC. 74 (INCLUDING KHARTOUM PAYMENTS)

SAUDI ARABIA 575

KUWAIT 290

UAE 52

QATAR 75

TOTAL 992

B. JAN. - DEC. 1975 (INCLUDING RABAT/KHARTOUM PAYMENTS)

SAUDI ARABIA 863

KUWAIT 656

UAE 277

QATAR 114

IRAQ 43

TOTAL 1953

C. JAN. -DEC . 1976 (INCLUDING RABAT/KHARTOUM)

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SAUDI ARABIA 640

KUWAIT 237

IAE 150

QATAR 75

GODE (GULF ORGAN. FOR DEVELOP. IN EGYPT) 250

TOTAL 1352

7. ARAB BOP ASSISTANCE TOTAL 1973-76, BY COUNTRY OF ORIGIN:

SAUDI ARABIA 2,078 MILLION

KUWAIT 1,183 MILLION

UAE 479 MILLION

QATAR 264 MILLION

IRAQ 43 MILLION

GODE 250 MILLION

TOTAL \$4,297 MILLION

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ACTION NEA-10

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TRSE-00 INT-05 FEAE-00 SAL-01 /050 W

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8. TOTAL THUS EXCEEDS \$4,000 MILLION IN ARAB
BOP SUPPORT, NOT INCLUDING RELATIVELY MINOR PROJECT
ASSISTANCE EXPENDED OR \$1,800 MILLION IN SUCH FUNDS
PROFFERED (WHICH WOULD RAISE GRAND TOTAL TO SOME
\$6,000 MILLION). NOR DOES TOTAL INCLUDE PRESUMABLY
SUBSTANTIAL SECRET TRANSFERS FOR SUCH PURPOSES AS
BUYING MINITARY HARDWARE.

9. EVEN THOUGH ABOVE TABLES ALMOST CERTAINLY UNDERSTATE
TOTAL AID OF ALL TYPE TO EGYPT FROM ARAB BROTHERS,
FIGURES, HOWEVER TENTATIVE, SHOW ORDER OF MAGNITUDE OF
ARAB FINANCIAL ASSISTANCE SINCE OCTOBER WAR (EXCLUDING MILITARY
ASSISTANCE). VERY LARGE AMOUNTS ALEADY RECEIVED LIKELY WILL
NOT ENTER INTO COE CONSIDERATION OF QUESTION AT THIS DIFFICULT
JUNCTURE, HOWEVER, AND IN LIGHT OF ITS NOW-HEIGHTENED
BUDETARY PROBLEMS, AS WELL AS ARAB ABILITY TO PAY,
EGYPT'S PERCEPTION OF ITS FRONT-LINE ROLE, AND REGIONAL
DESIRES TO FURTHER PEACE PROCESS IN ATMOSPHERE OF POLITICAL
CALM, EGYPT MAY WELL HAVE LANDED UPON BEST WAY OUT
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OF ITS DIFFICULTIES OVER SHORT TERM: DUN ARABS FOR EVEN
MORE MASSIVE RESOURCE TRANSFERS.
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Message Attributes

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